

## Hispanic Ad Spend Trends 2010-14

Apparel • Appliance-Electronics •  
Home Repair-Furnishings • Pharma • Restaurants  
• Technology-Telecom-Entertainment



September 30, 2015

Presenters:

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Moderator: Gaby Alcantara-Diaz, AHAA Education Chair and President, Semilla AD, Inc.

# Methodology

- Advertising spend data including over 340K parent companies was collected by Nielsen Monitor Plus in English and Hispanic (Spanish/Bilingual) media. This data was analyzed by Santiago Solutions Group for AHAA.
- First, SSG identified the Top 500 Overall Spending (English + Spanish) parent companies.
- Second, SSG classified the overall 500 ad spenders into 5 Tiers according to the percent allocation to Hispanic Media corresponding to previous AHAA Ad Spend Allocation reports.
  - ✓ Best-in-Class (more than 14.2%)
  - ✓ Leaders (6.4%-14.2%)
  - ✓ Followers (3.6%-6.3%)
  - ✓ Laggards (1.0%-3.5%)
  - ✓ On-The-Sidelines (Less than 1%)
- The process was repeated for years 2010 and 2014, thus permitting the analysis of broad trends in the marketplace.

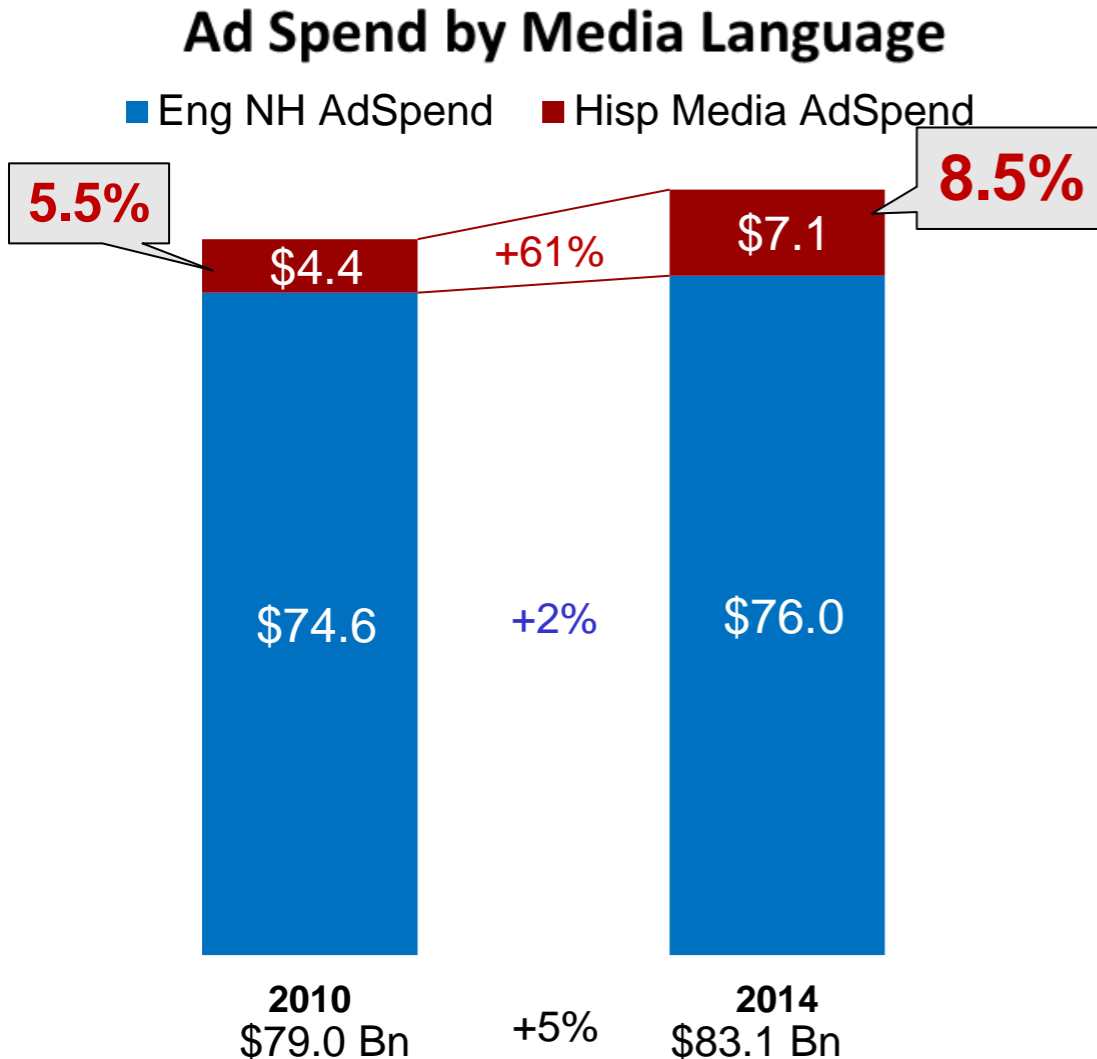


English Media	Hispanic Media
Cable TV	Cable TV
FSI Coupon	FSI Coupon
Local Mag	Local Magazine
Local Newspaper	Local Newspaper
Local Sunday Supplement	Local Sunday Supplement
National Magazine	National Magazine
National Newspaper	National Newspaper
National Sunday	National Sunday Supplement
Network Radio	Network Radio
Network TV	Network TV
	Span Language Cable TV
	Span Language Network TV
Spot Radio	Spot Radio
Spot TV	Spot TV
Syndicated TV	Syndicated TV

Excluded English Media	Excluded Hispanic Media
B2B	B2B
Display	Display
Outdoor	Outdoor
National Cinema	
Regional Cinema	

## Overall AdSpend Context

# Hispanic Share of AdSpend Soared to 8.5% in 2014. Top 500 Advertisers Increased Hispanic Media Spend by \$3Bn or 61% vs. only \$1.5Bn or 2% in English AdSpend



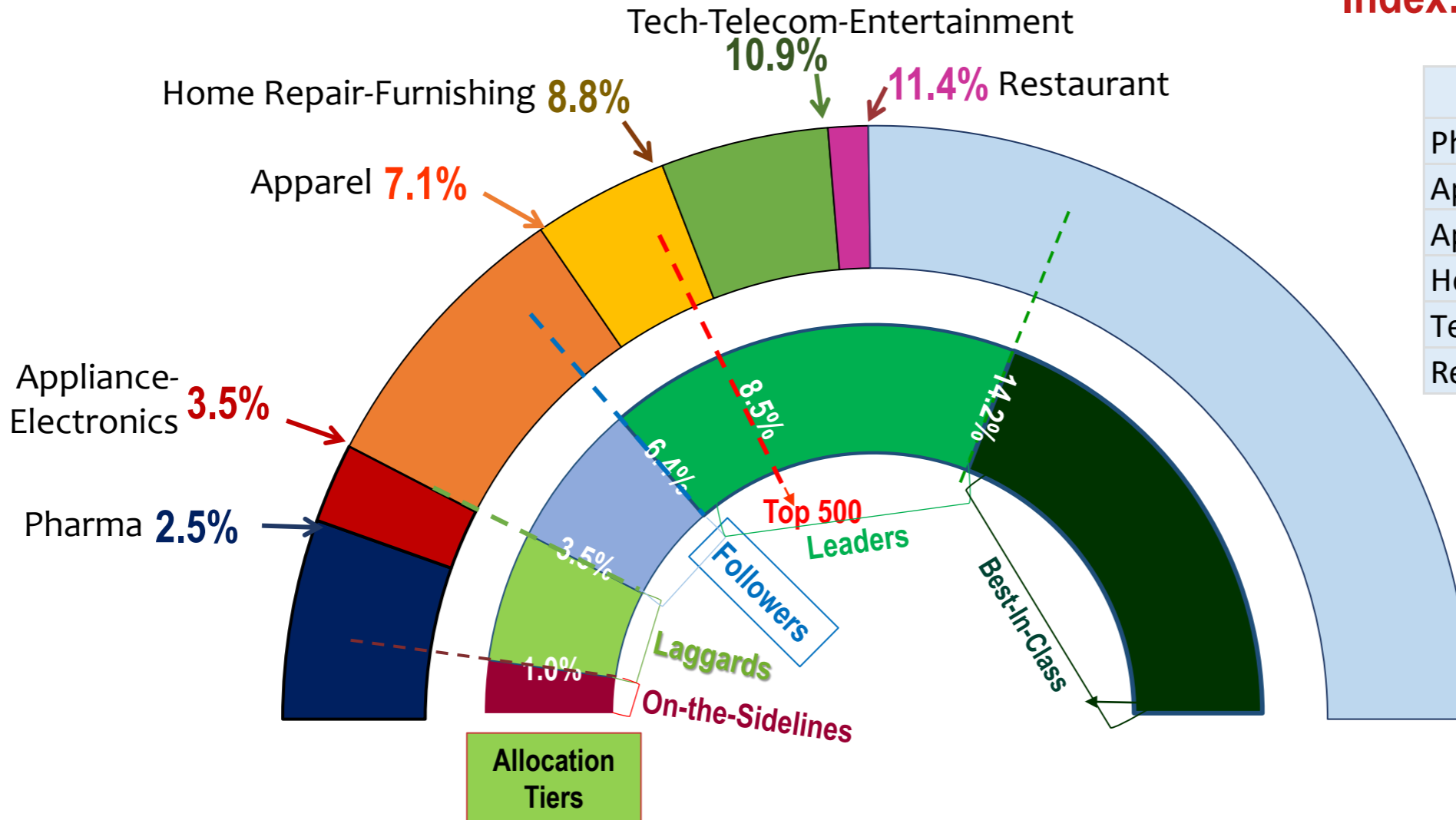
- While overall ad spend among the top 500 advertisers increased by 5% from **\$79.0Bn** to **\$83.1Bn** from 2010 to 2014, marketers made a steep increase in Hispanic Ad Spend, jumping 61% from **\$4.4Bn** to **\$7.1Bn**.
- Hispanic allocation jumped to 8.5% of all US top 500 marketers ad spend from 5.5% in 2010 moving from Follower to Leader tier.
- English Media Ad Spend increased by 2% from **\$74.6Bn** in 2010 to **\$76.0Bn** in 2014
  - The English share of ad spend among the top 500 US marketers is down to 91.5% in 2014 from 94.5% in 2010.

# Home Repair-Furnishing, Tech-Telecom-Entertainment & Restaurant above Avg. Hispanic allocation while Apparel, Appliance-Electronics & Pharma fall below

## 6 Categories by Hispanic Allocation Tiers

**Index:**  $\left( \frac{\text{Companies in Category}}{\text{Average Top 500}} \right)$

	Index
Pharma	29
Appliance-Electronics	41
Apparel	84
Home Repair-Furnishing	104
Tech-Telecom-Entern	128
Restaurant	134



### Other Categories Avgs.

CPG Retailers 9.3%  
CPG Manufacturers 10.9%

# BIC & Leader companies grew in number while On-The-Sidelines had sharpest decline.



Appliance-  
Electronics



Apparel



Home Repair-  
Furnishing



Pharma



Restaurant



Tech-Telecom  
Enternt.



6 Cats  
Total Tiers  
Change  
N° Co's

	Appliance- Electronics	Apparel	Home Repair- Furnishing	Pharma	Restaurant	Tech-Telecom Enternt.	6 Cats Total Tiers Change N° Co's
<b>B-I-C</b>	0	2	6	0	3	-1	10
<b>Leader</b>	2	1	-2	2	10	5	18
Follower	1	-1	-2	1	-6	-2	-9
Laggard	-2	1	0	3	-3	-4	-5
<b>On-The-Sidelines</b>	<b>-11</b>	<b>-2</b>	<b>-4</b>	<b>-3</b>	<b>2</b>	<b>-7</b>	<b>-25</b>
<b>Total Change Among Top 500 In Category</b>	-10	+1	-2	+3	+6	-9	-11

# Right Spend = Allocation foundation + Competitive AdSpend Re-calibration

- Advertisers should consider both Hispanic ad spend and allocation when budgeting.
- Proper allocation provides an internal base point for successful Hispanic marketing.
- Ad spend provides a category wide competitive perspective.

*In a high ad spend competitive category marketers may have to heighten ad spends & allocations to attain goals.*

# Hispanic Ad Spend Trends 2010-14

## Apparel Category



## Apparel Category (Apparel, Apparel-Shoes) Among Top 500 US Advertisers

The Apparel Category aggregate Hispanic AdSpend increased **19%**. The average Apparel Company increased Hispanic Dedicated AdSpend to **\$8.0M** boosting their Hispanic Allocation by **1.8 percentage points** to **7.1%** moving from Follower → Leader tier.

**Total Hispanic AdSpend\***  
\$\$ Millions



**Average Apparel Hispanic AdSpend\***  
\$\$ Millions



**Hispanic % of Overall Apparel AdSpend\***



\*Among Top 500 in 2014



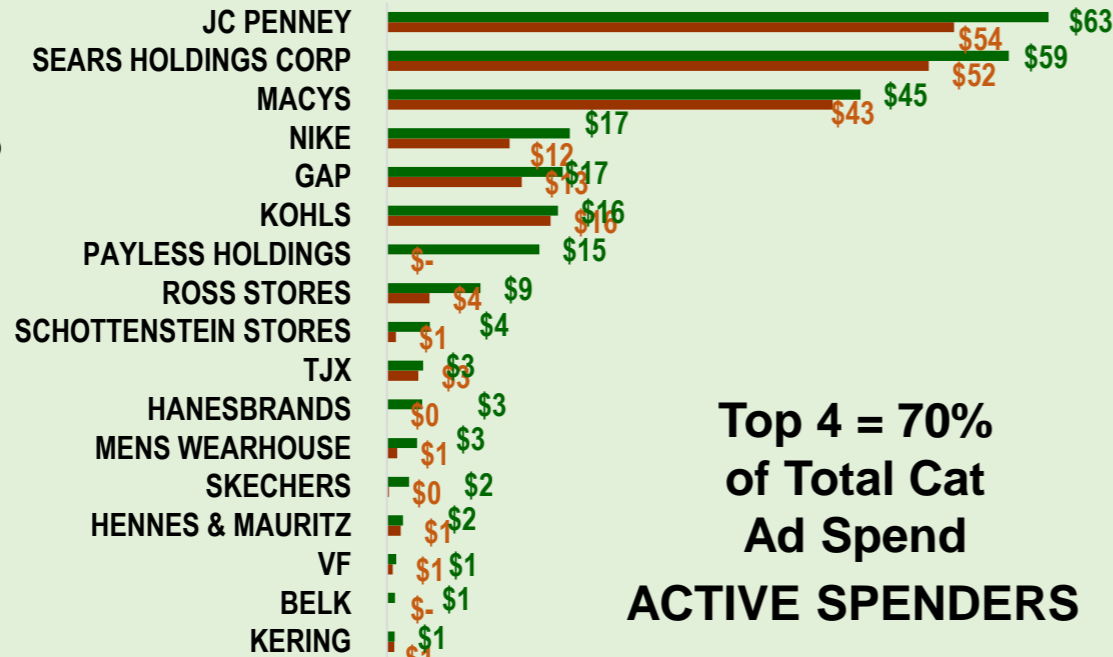
JC PENNEY, SEARS, MACYS = 64% of Ad spend.  
 NIKE, GAP, KOHLS, PAYLESS = 25% of Ad spend.

NIKE, JC PENNEY, SEARS & PAYLESS  
 lead in Hispanic Allocation

Hispanic Ad Spend \$ (000's)

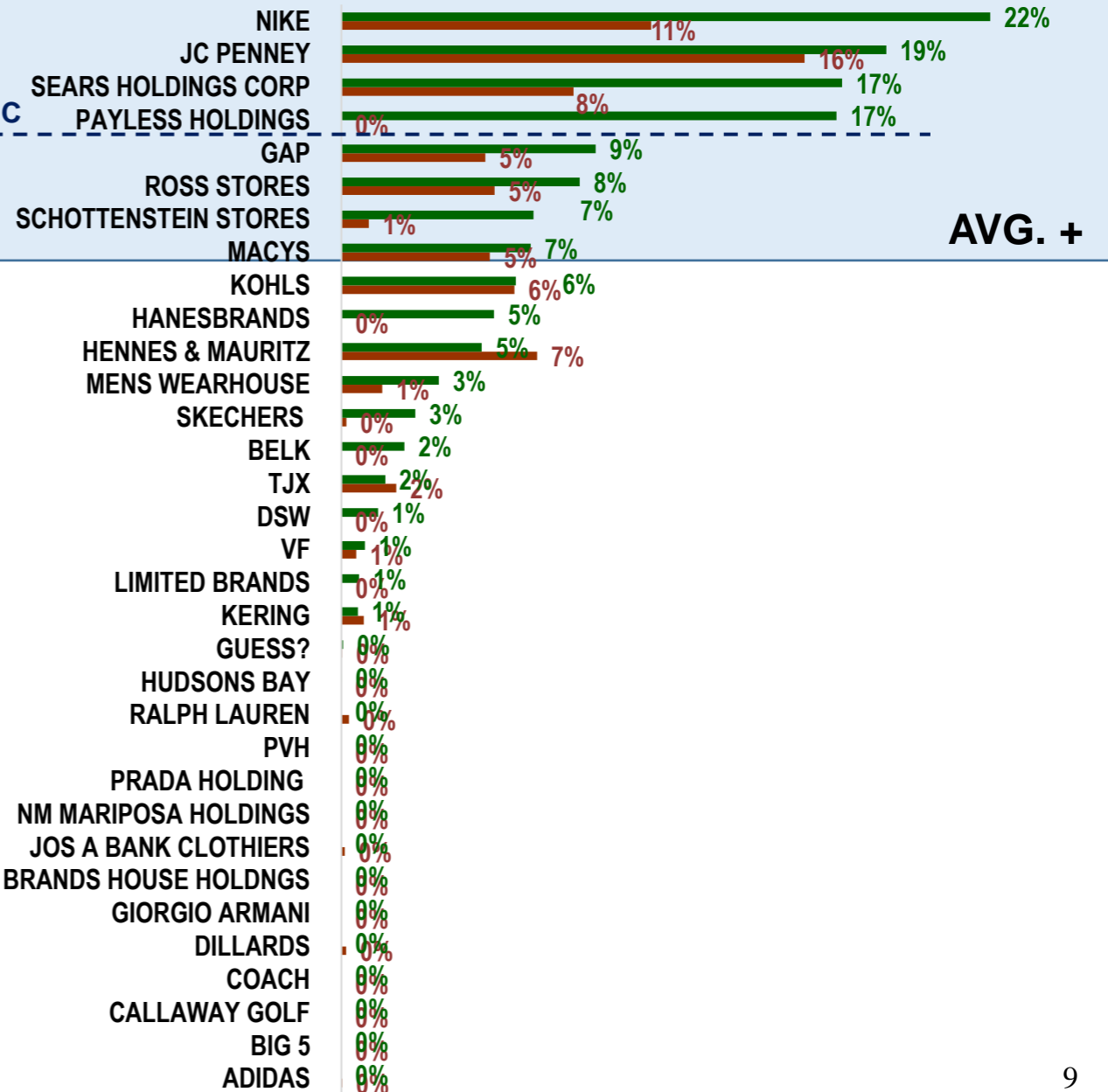
Hispanic % of Overall Allocation (7.1% CAT. AVG - LEADER)

Top 7 = 89%  
 of Total  
 Ad Spend



Top 4 = 70%  
 of Total Cat  
 Ad Spend  
**ACTIVE SPENDERS**

BIC



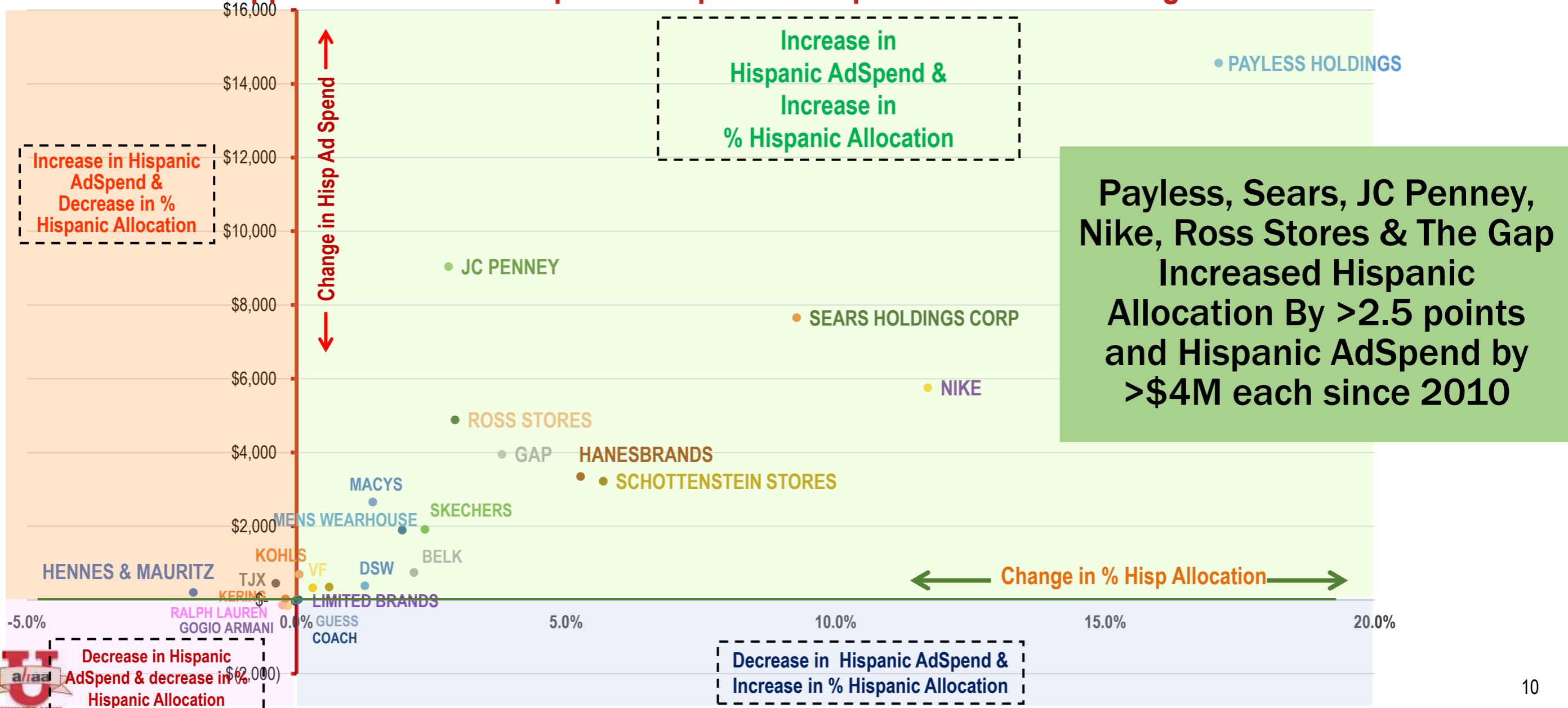
AVG. +

■ 2014  
 ■ 2010



# Vast Majority Of Active Players Growing In Both Ad Spend & Hispanic Allocation Since 2010

Apparel: 2010-2014 Hispanic AdSpend & Hispanic Allocation Change



# Hispanic Ad Spend Trends 2010-14

# Appliance - Electronics

# Category

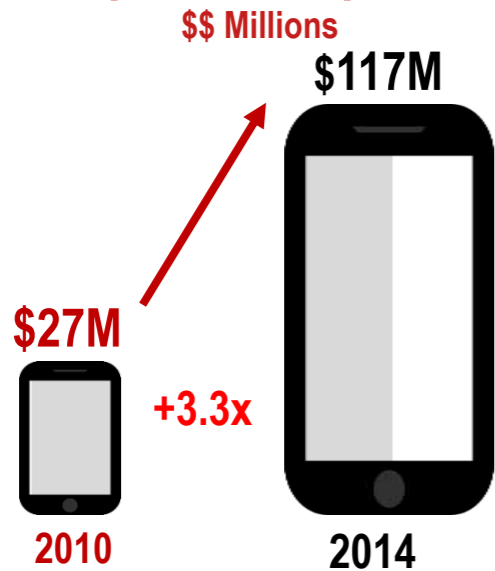


# Appliance-Electronics Category (Appliances, Devices, Electronics) Among Top 500 US Advertisers

Aggregate Hispanic AdSpend By Appliances Increased 3.3x, Allocation jumped 2.6 percentage points & Average Company Hispanic Dedicated AdSpend increased to \$7.3M.

The category, however, resides on the cusp of Laggard → Follower allocation tier.

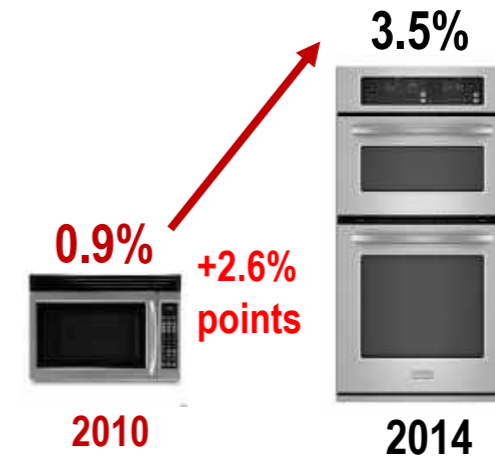
## Total Appliance-Electronics Hispanic AdSpend\*



## Average Appliance-Electronics Hispanic AdSpend\*



## Hispanic % of Overall Appliance-Electronics AdSpend\*



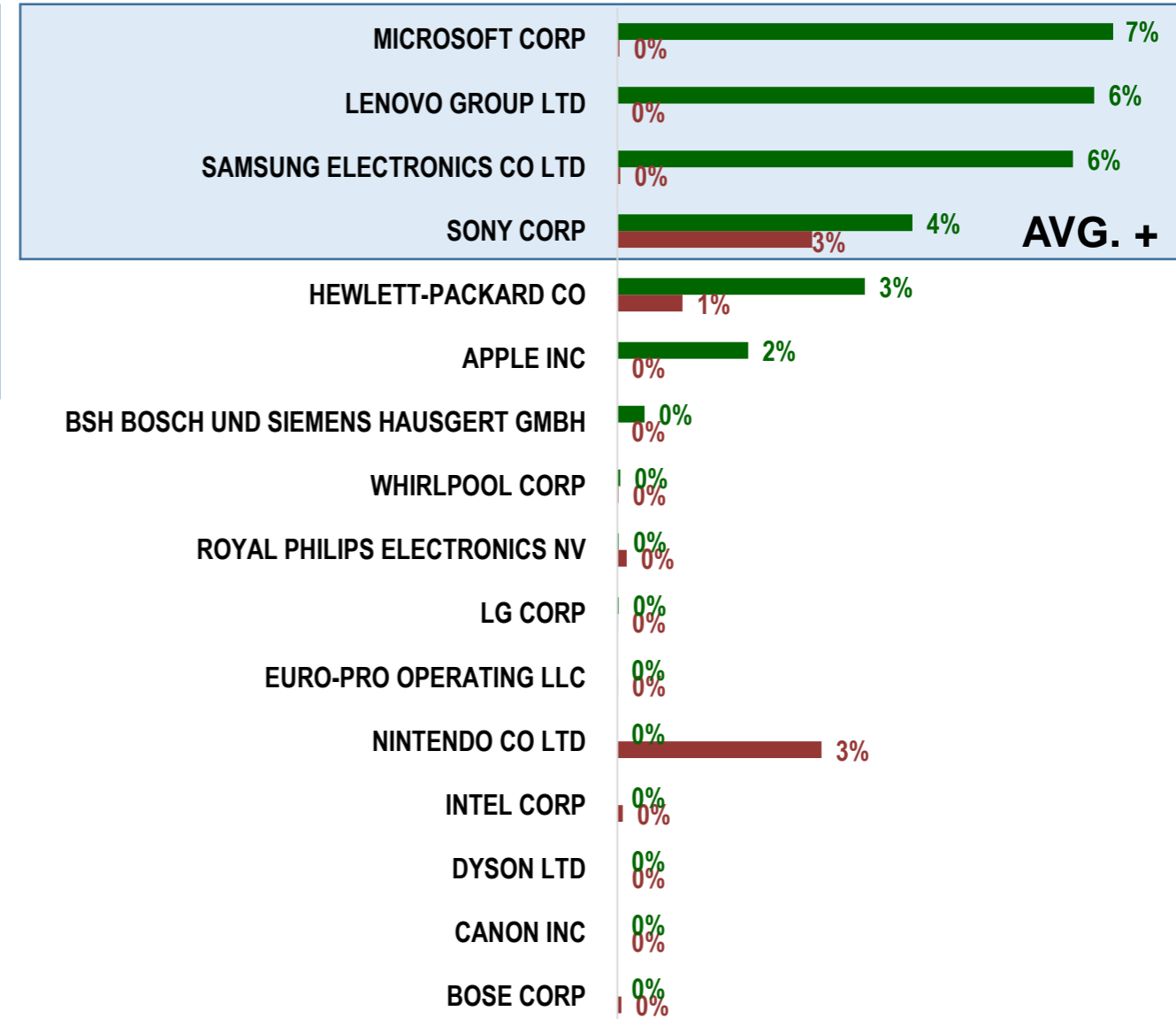
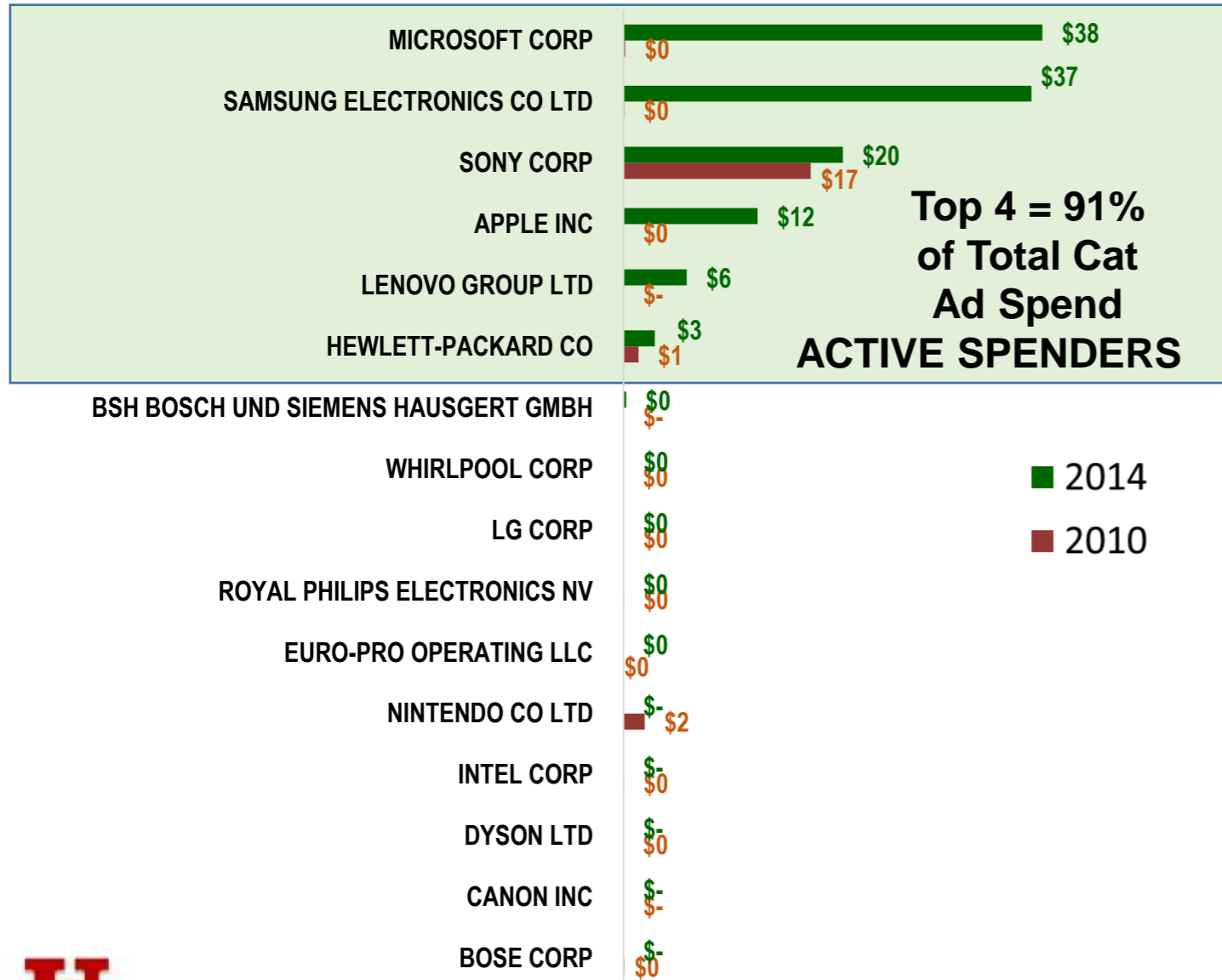
\*Among Top 500 in 2014

**MICROSOFT & SAMSUNG = 64% of Ad spend.  
SONY & APPLE = 27% of Ad spend.**

**MICROSOFT, LENOVO, SAMSUNG  
strongest in Hispanic Allocation**

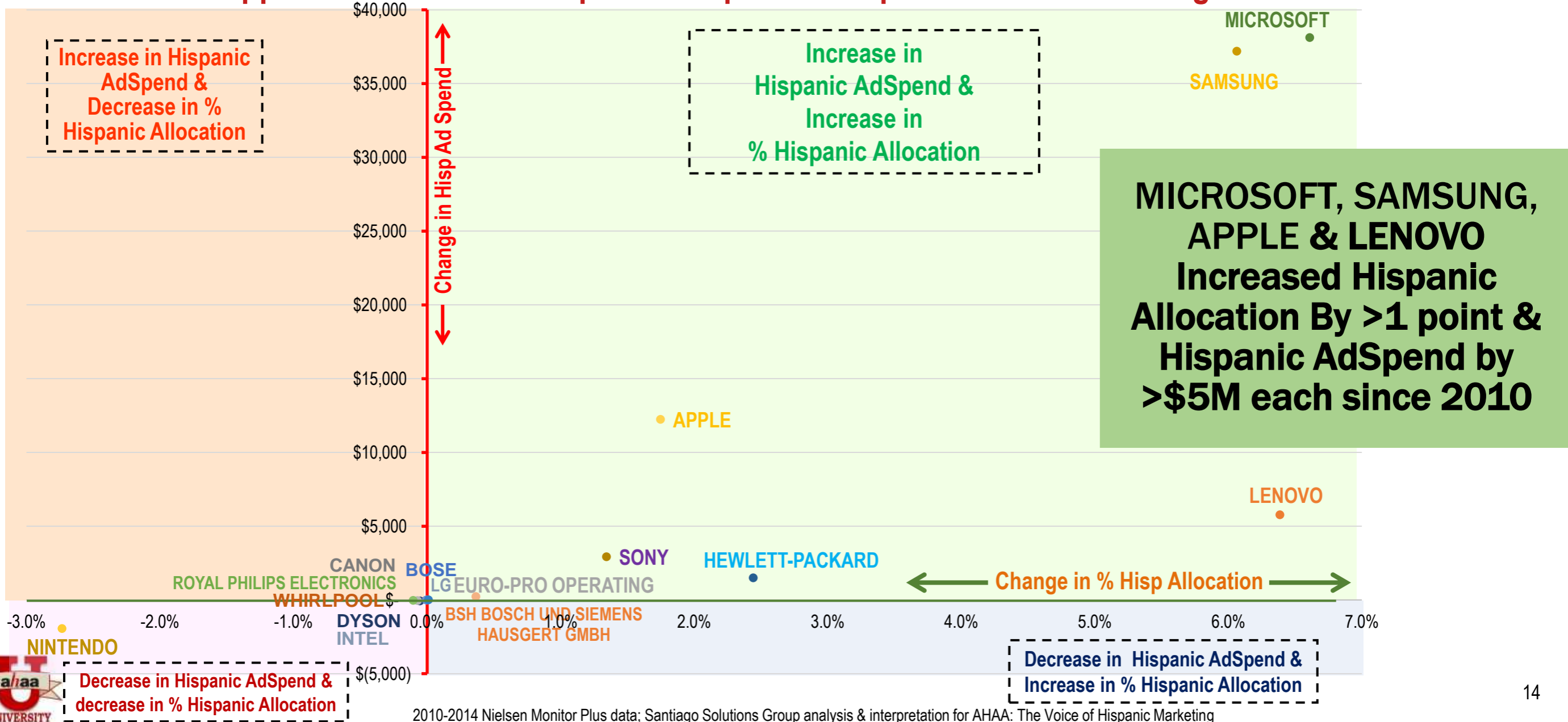
Hispanic Ad Spend \$ (000's)

Hispanic % of Overall Allocation (3.5% CAT. AVG. - LAGGARD)



# 2014 Active Players Grew Both Ad Spend & Hispanic Allocation Since 2010. Nintendo Dropped Hispanic Spending Between 2010 & 2014.

Appliance: 2010-2014 Hispanic AdSpend & Hispanic Allocation Change



2010-2014 Nielsen Monitor Plus data; Santiago Solutions Group analysis & interpretation for AHAA: The Voice of Hispanic Marketing

# Hispanic Ad Spend Trends 2010-14

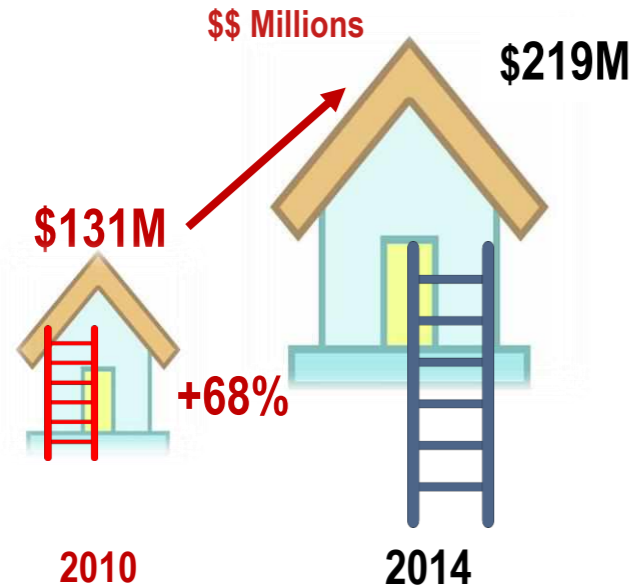
## Home Repair-Furnishings Category



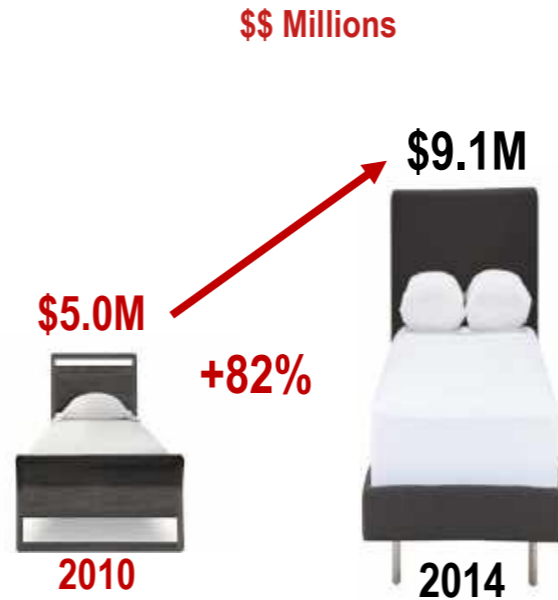
# Home Repair/Furnishing Category (Furniture, Home Improvements, Home Decor) Among Top 500 US Advertisers

Category Aggregate Hispanic AdSpend Increased 68% to \$219M, a company Average of \$9.1M. Allocation jumped 3.3 percentage points to 8.8% rising from Follower → Leader tier.

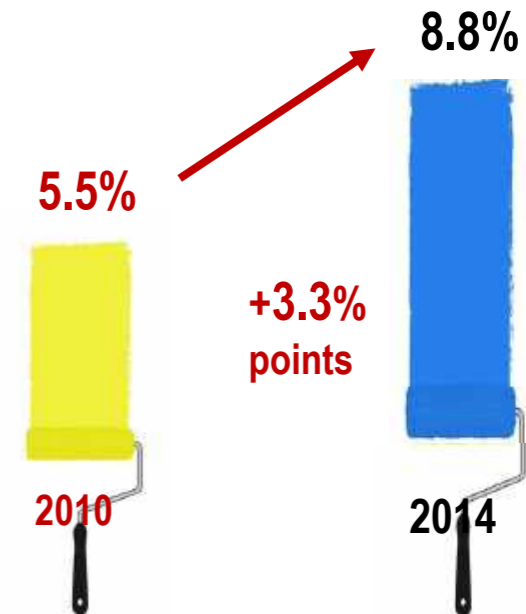
## Total Home Repair/Furnishing Hispanic AdSpend\*



## Average Home Repair/Furnishing Hispanic AdSpend\*



## Hispanic % of Overall Home Repair/Furnishing AdSpend\*

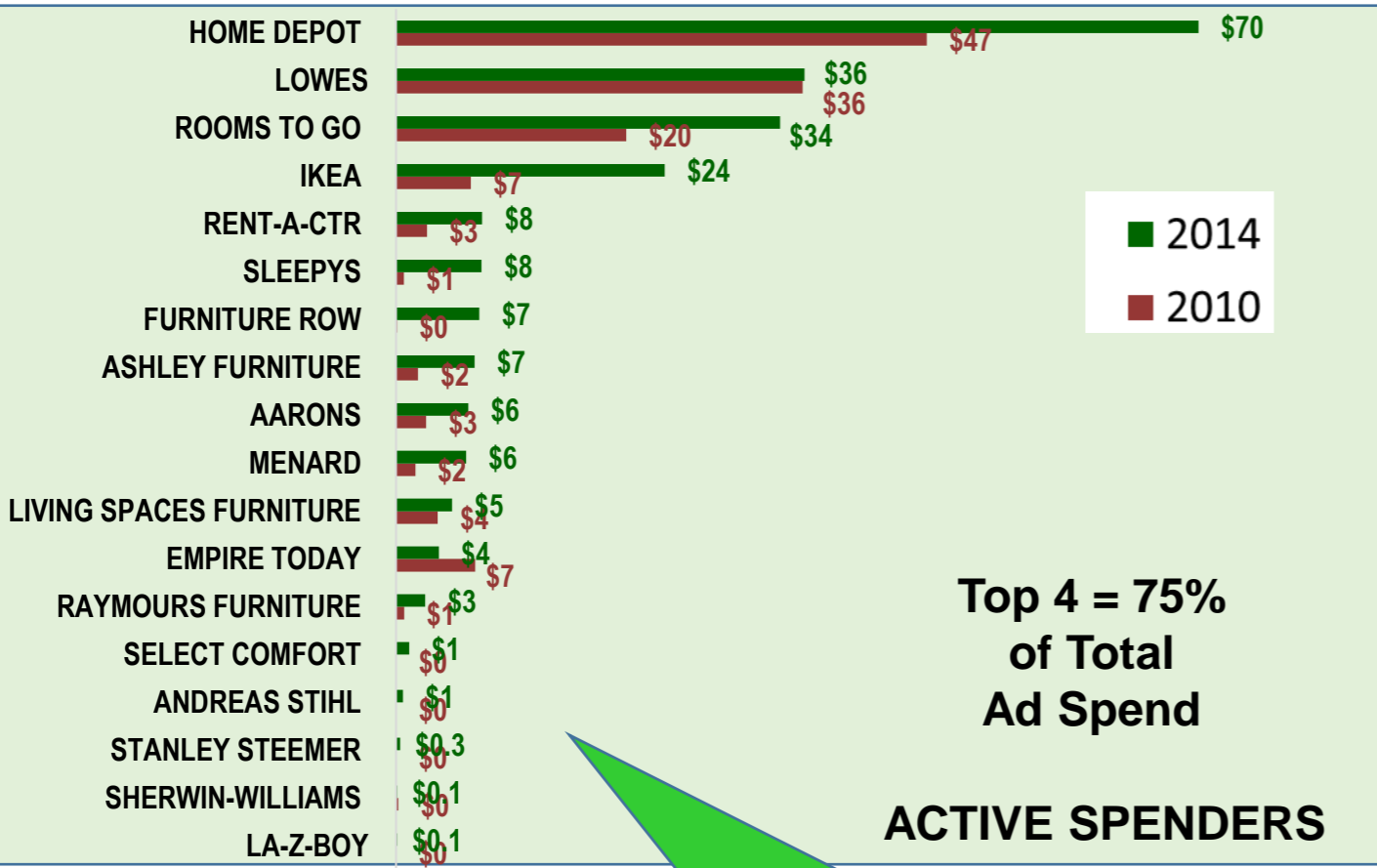


\*Among Top 500 in 2014



**HOME DEPOT** skyrocketed to category leader with **32%** of category Ad spend. **LOWES, ROOMS TO GO & IKEA** follow with combined **43%** Ad spend.

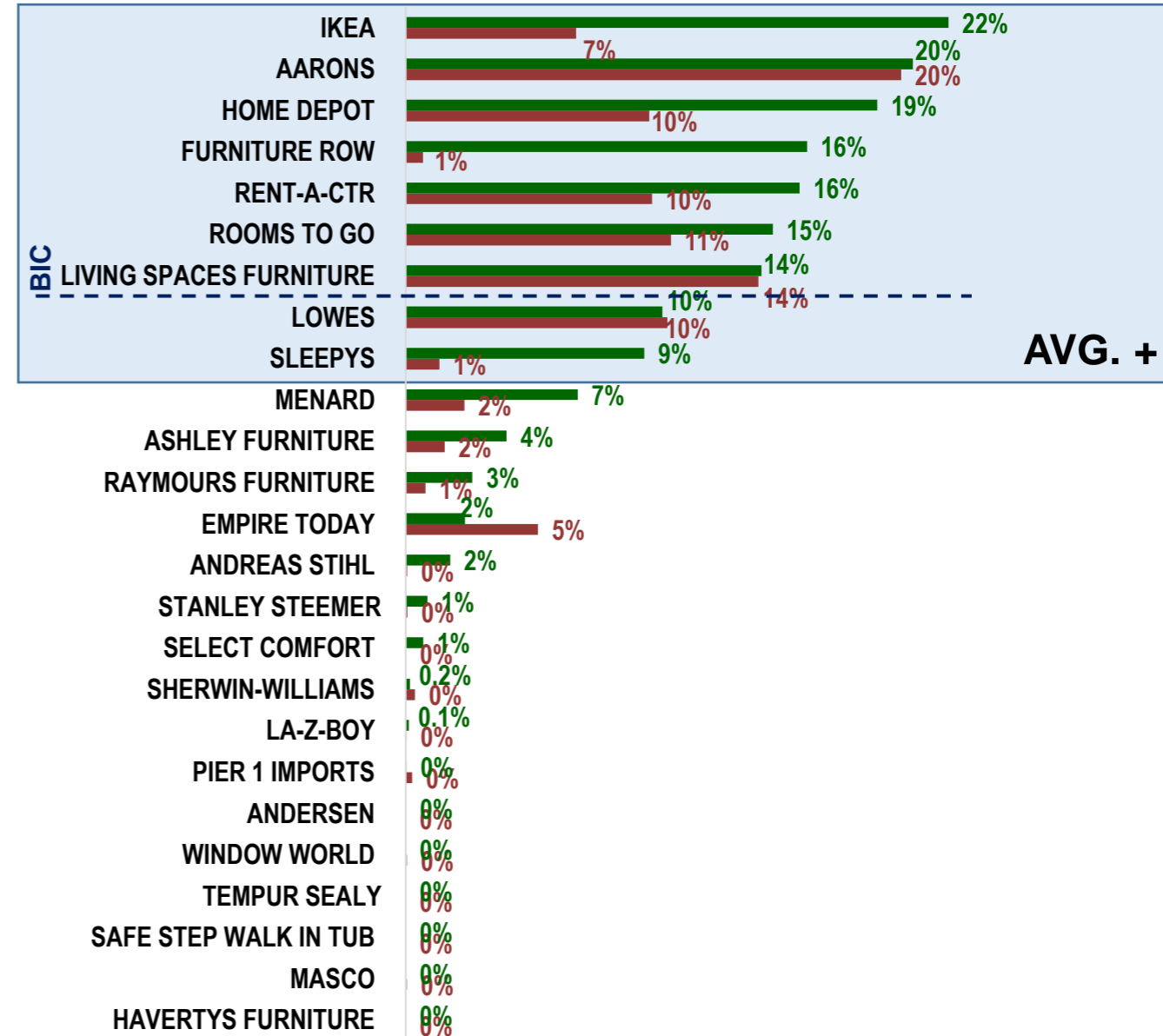
Hispanic Ad Spend \$ (000's)



IN 2014, SEVERAL NEW SMALL PLAYERS & GROWING MODERATE PLAYERS

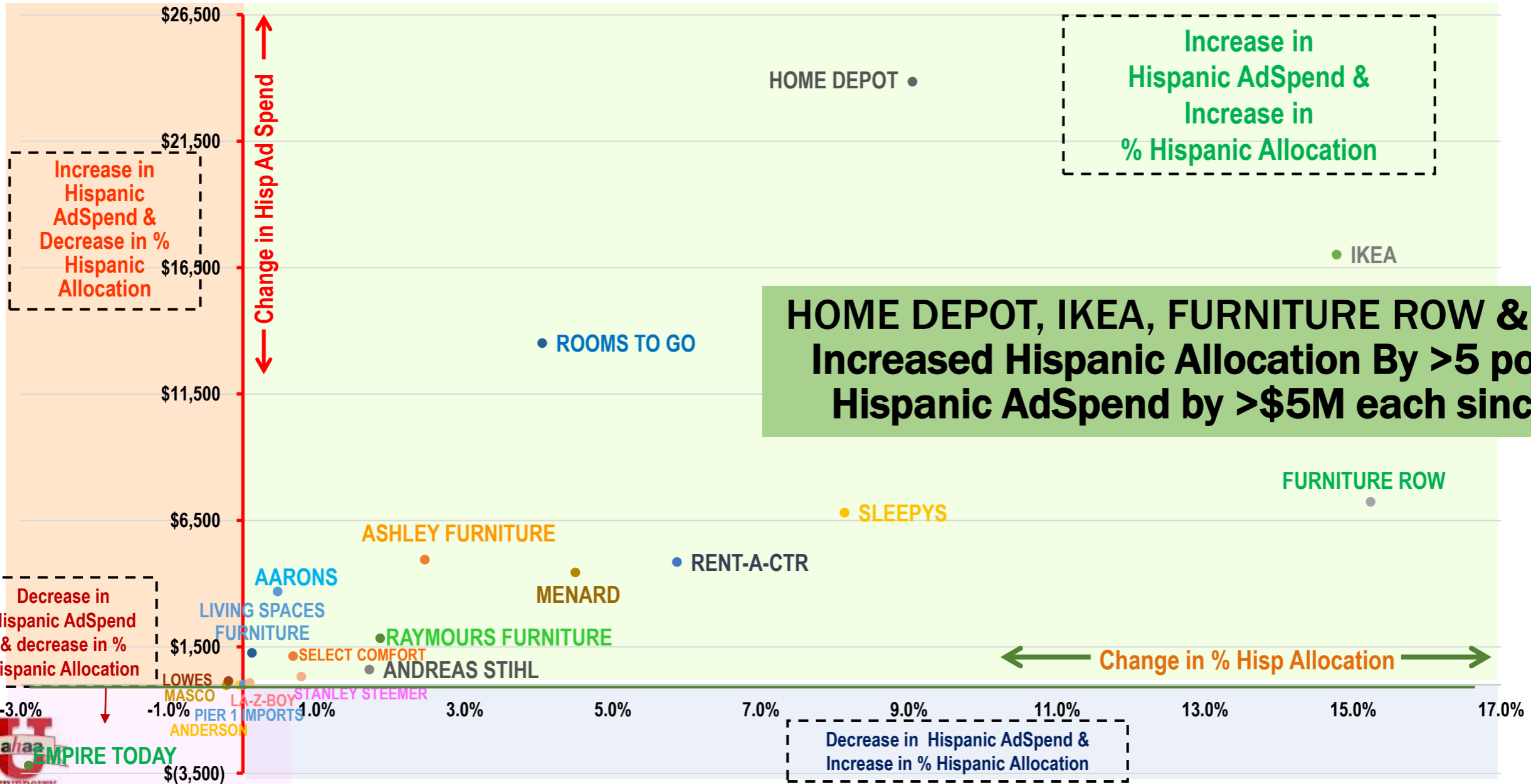
**IKEA, AARONS, HOME DEPOT** strongest in Hispanic Allocation

Hispanic % of Overall Allocation (8.8% CAT. AVG. – LEADER)



# Vast Majority Of Active Players, Large & Small, Growing In Both Ad Spend & Hispanic Allocation Since 2010

## Home Repair/Furnishing: 2010-2014 Hispanic AdSpend & Hispanic Allocation Change



**Mid-Point**

# Q & A

**Hispanic Ad Spend Trends 2010-14**

**Apparel • Appliance-Electronics •  
Home Repair-Furnishings**



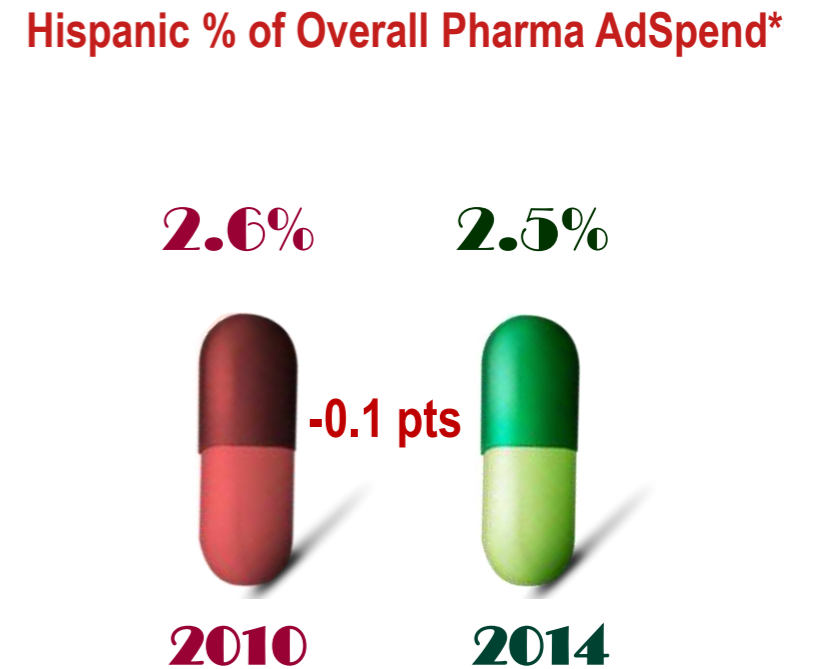
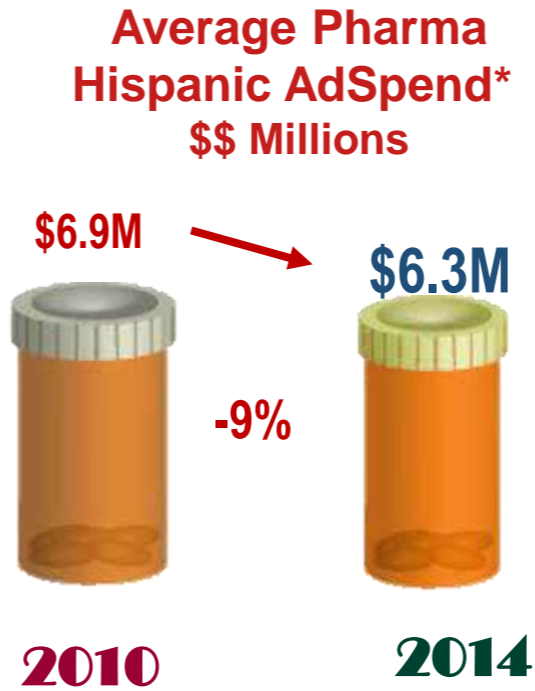
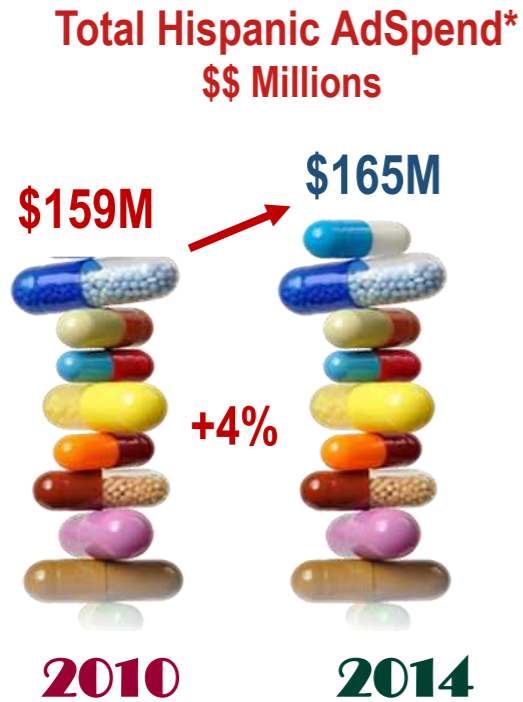
# Hispanic Ad Spend Trends 2010-14

## Pharmaceutical Category



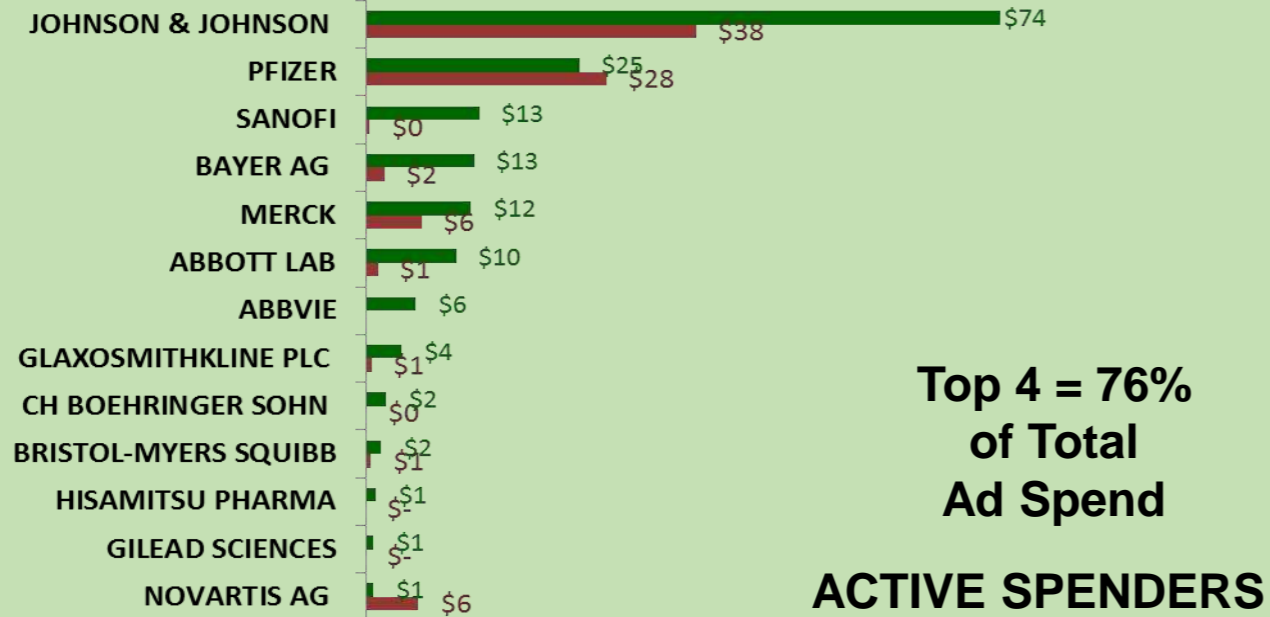
# Pharmaceutical Category Among Top 500 US Advertisers

Aggregate Hispanic AdSpend Only Increased 4%, Allocation Remained Flat in Laggard tier & the Average Company Hispanic Dedicated AdSpend Decreased Slightly to \$6.3M



**J & J dominates with 45% of category Ad spend. PFIZER, SANOFI, BAYER AG, MERCK & ABBOTT LAB follow with combined 44% Ad spend.**

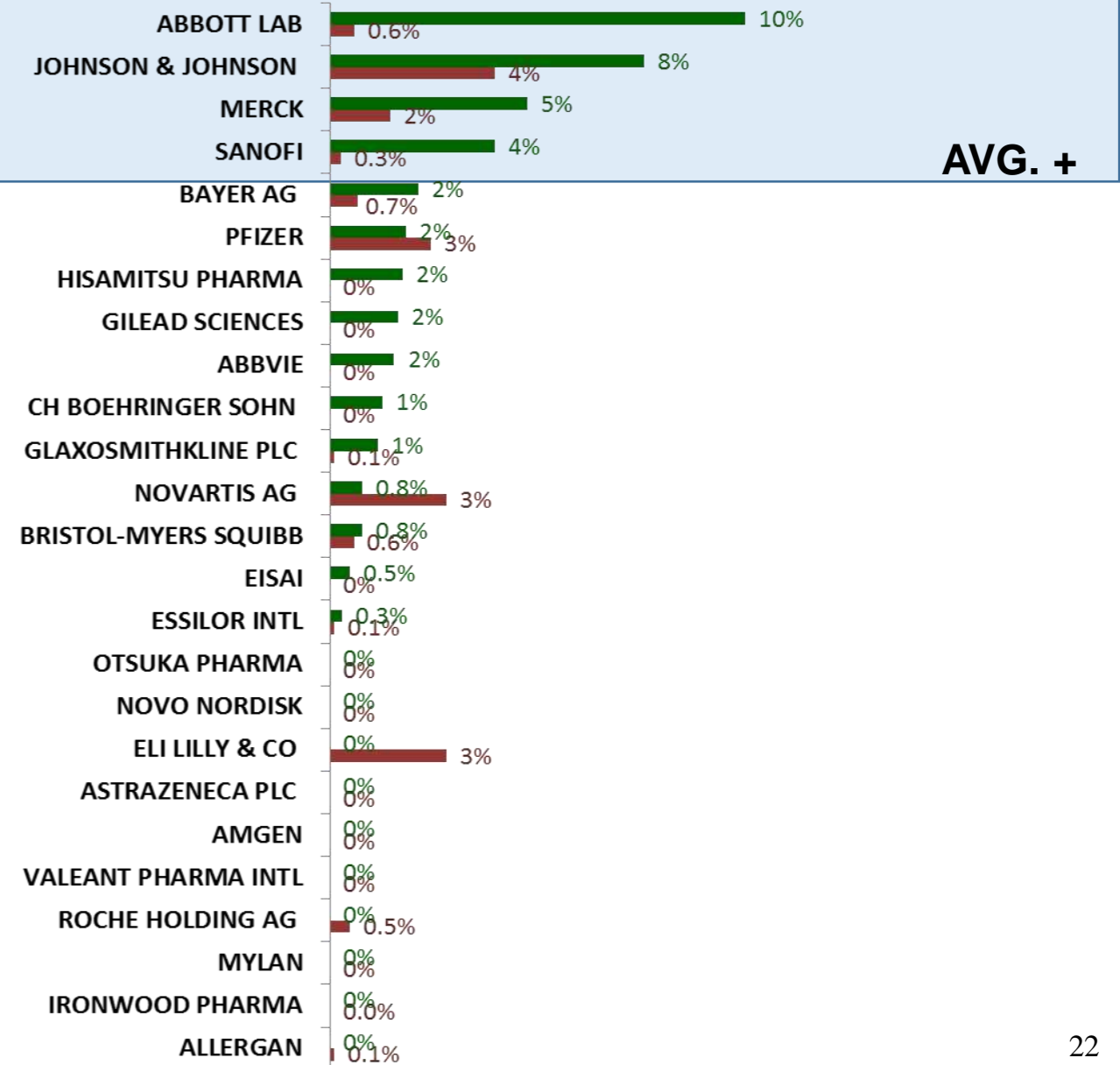
**Hispanic Ad Spend \$ (000's)**



■ 2014  
■ 2010

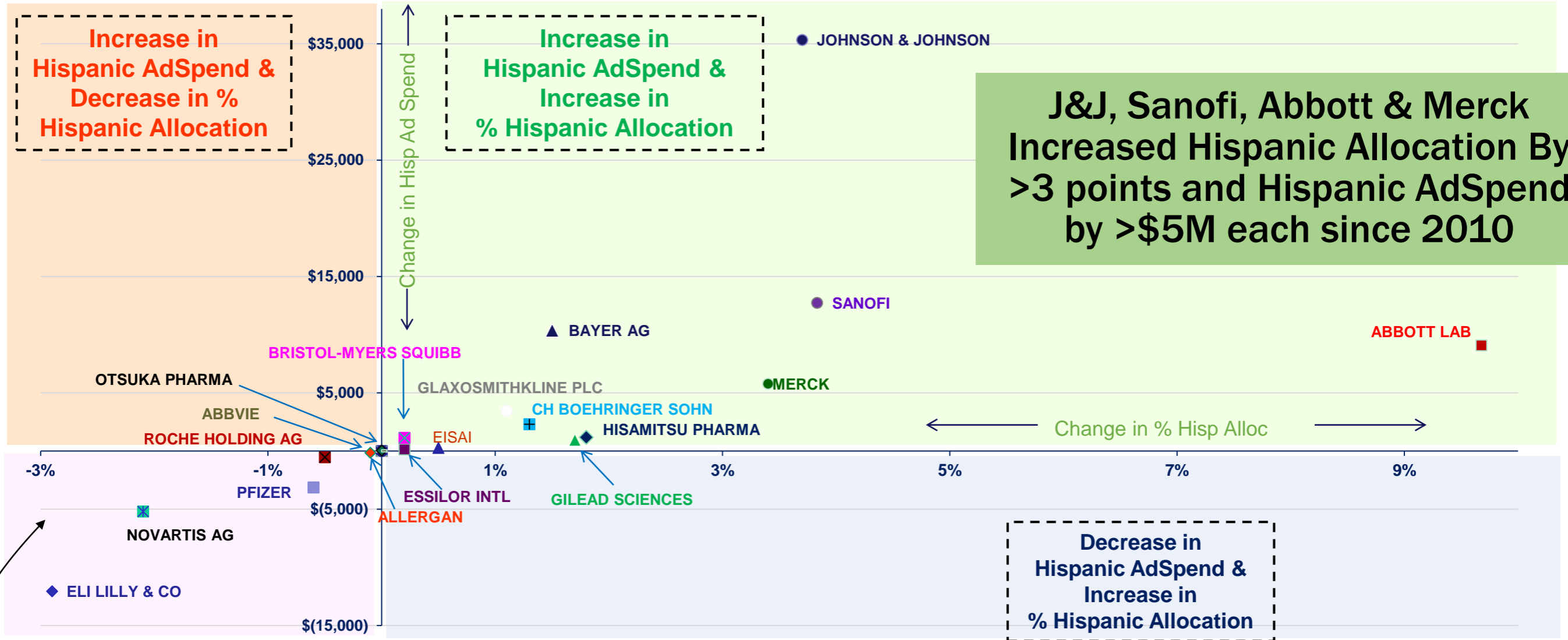
# ABBOTT LAB AND JOHNSON & JOHNSON strongest in Hispanic Allocation

**Hispanic % of Overall Allocation (2.5% CAT. AVG. – LAGGARD)**



# Many Companies Are Growing In AdSpend & Allocation, However Category (Laggard Tier) Has Lots Of Opportunity For Expansion

Pharma: 2010-2014 Hispanic AdSpend & Hispanic Allocation Change



2010-2014 Nielsen Monitor Plus data; Santiago Solutions Group analysis & interpretation for AHAA: The Voice of Hispanic Marketing



# Hispanic Ad Spend Trends 2010-14

## Restaurants Category



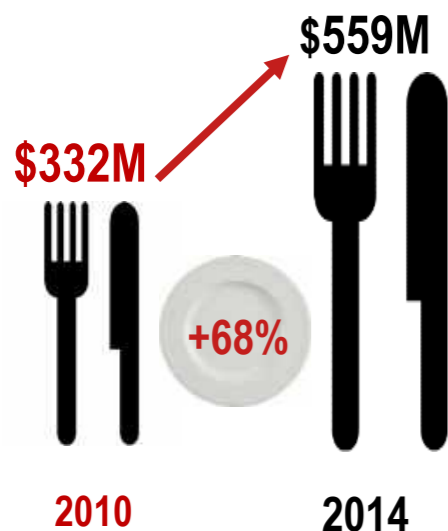


## Restaurant Category (Fast, Family, Casual, Fine) Among Top 500 US Advertisers

Aggregate Hispanic AdSpend By Restaurants Increased 68% & Allocation jumped 3.5 percentage points growing within Leader tier. The Average Restaurant Company Hispanic Dedicated AdSpend increased to \$21.5M

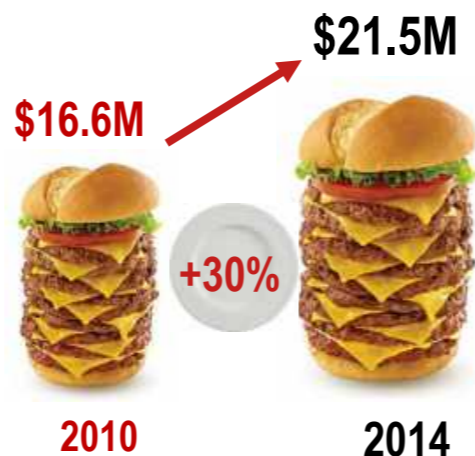
### Total Hispanic AdSpend\*

\$\$ Millions



### Average Restaurant Hispanic AdSpend\*

\$\$ Millions



### Hispanic % of Overall Restaurant AdSpend\*



\*Among Top 500 in 2014

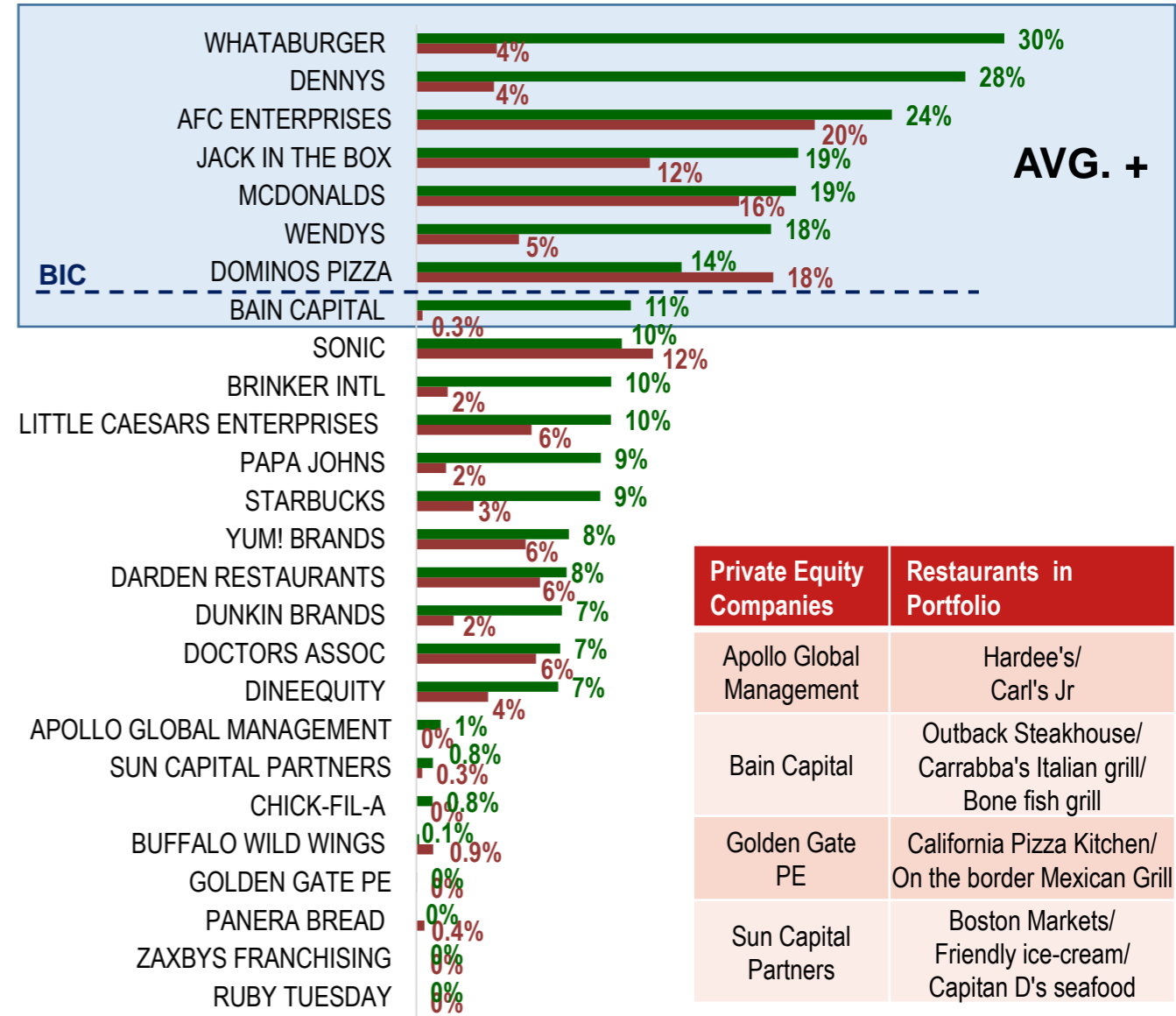
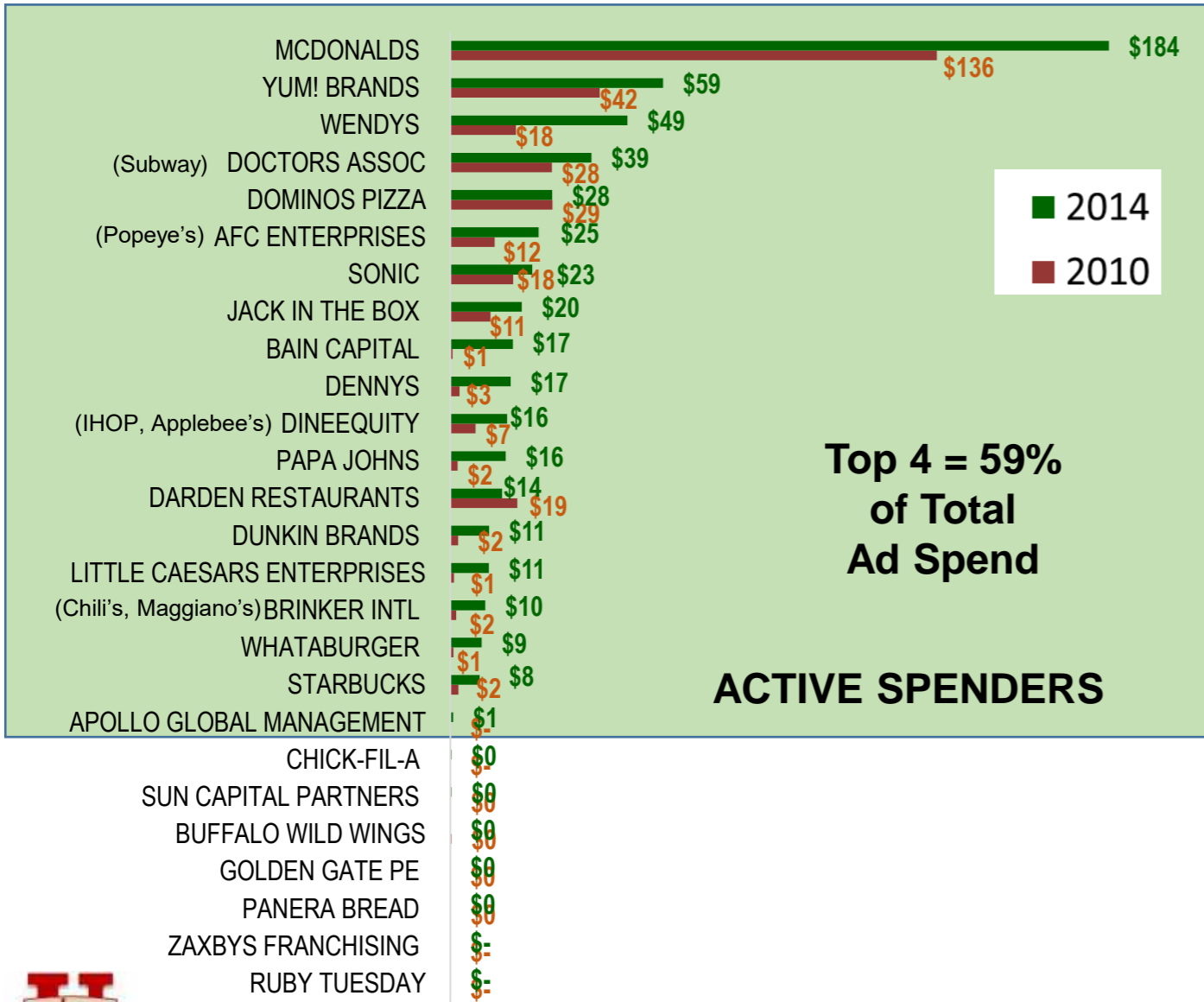
2010-2014 Nielsen Monitor Plus data; Santiago Solutions Group analysis & interpretation for AHAA: The Voice of Hispanic Marketing

**McDonalds dominates with 33% of category Ad spend. YUM!, WENDY'S, SUBWAY follow with combined 26% Ad spend.**

**WHATABURGER, DENNY'S, AFC - POPEYE'S, JACK-IN-THE-BOX, McDONALD'S & WENDY'S strongest in Hispanic Allocation**

**Hispanic Ad Spend \$ (000's)**

**Hispanic % of Overall Allocation (CAT. AVG. 11.4% - LEADER)**

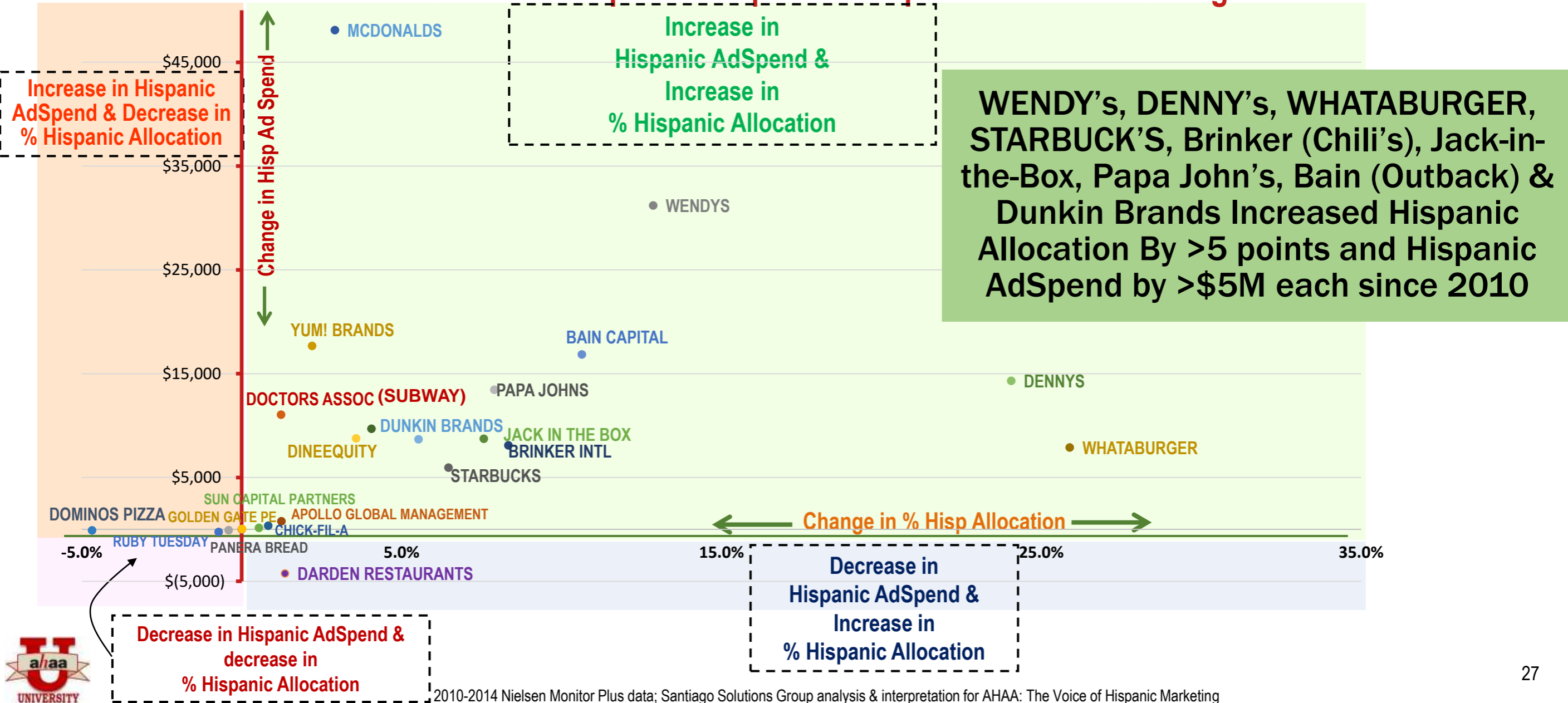


Private Equity Companies	Restaurants in Portfolio
Apollo Global Management	Hardee's/ Carl's Jr
Bain Capital	Outback Steakhouse/ Carrabba's Italian grill/ Bone fish grill
Golden Gate PE	California Pizza Kitchen/ On the border Mexican Grill
Sun Capital Partners	Boston Markets/ Friendly ice-cream/ Capitan D's seafood



# Most Active Players, Large & Small, Growing In Both Ad Spend & Hispanic Allocation Since 2010

## Restaurant: 2010-2014 Hispanic AdSpend & Hispanic Allocation Change



# Hispanic Ad Spend Trends 2010-14

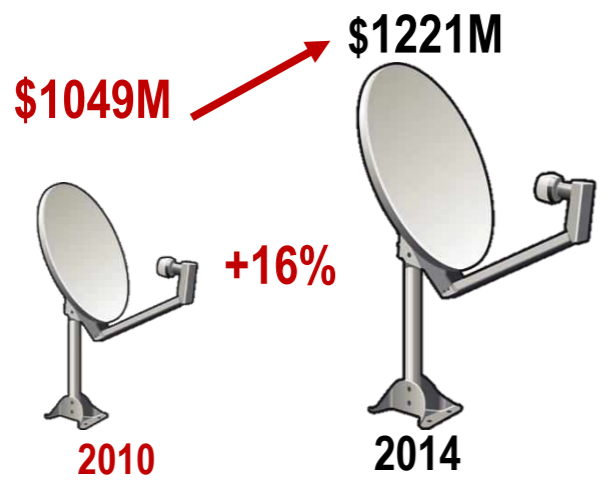
## Technology - Telecom - Entertainment



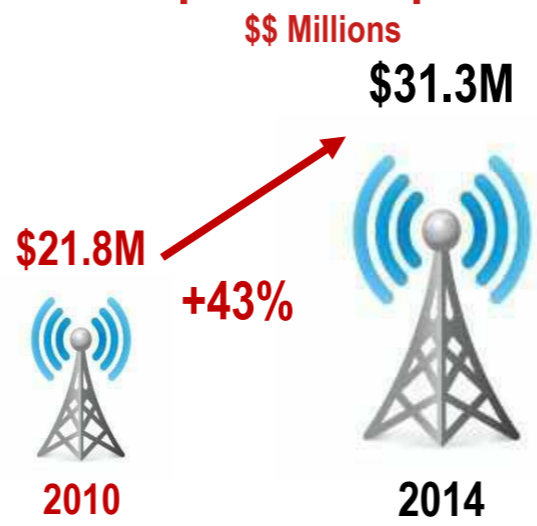
## Technology-Telecom-Entertainment Among Top 500 US Advertisers

Aggregate Hispanic AdSpend By Technology-Telecom-Entertainment Increased by 16%, Allocation jumped 1.1 percentage points, rising within Leader tier. The Average Company Hispanic AdSpend increased to \$31.3M

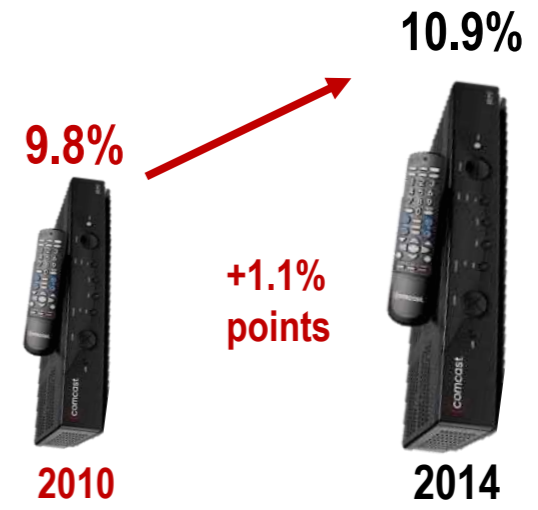
### Total Technology- Telecom- Entertainment Hispanic AdSpend\* \$\$ Millions



### Average Technology- Telecom- Entertainment Hispanic AdSpend\* \$\$ Millions



### Hispanic % of Overall Technology-Telecom- Entertainment AdSpend\*

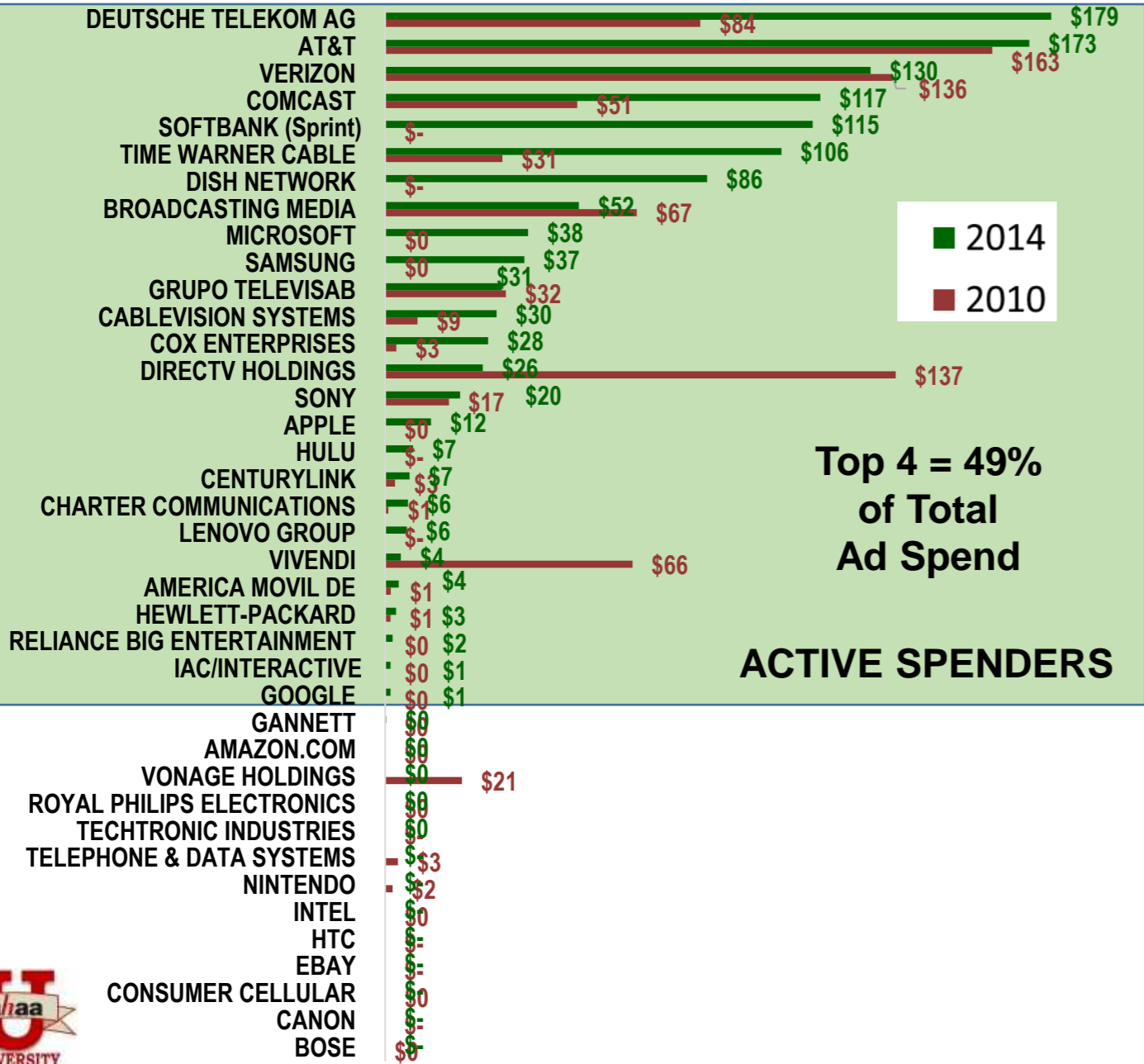


\*Among Top 500 in 2014



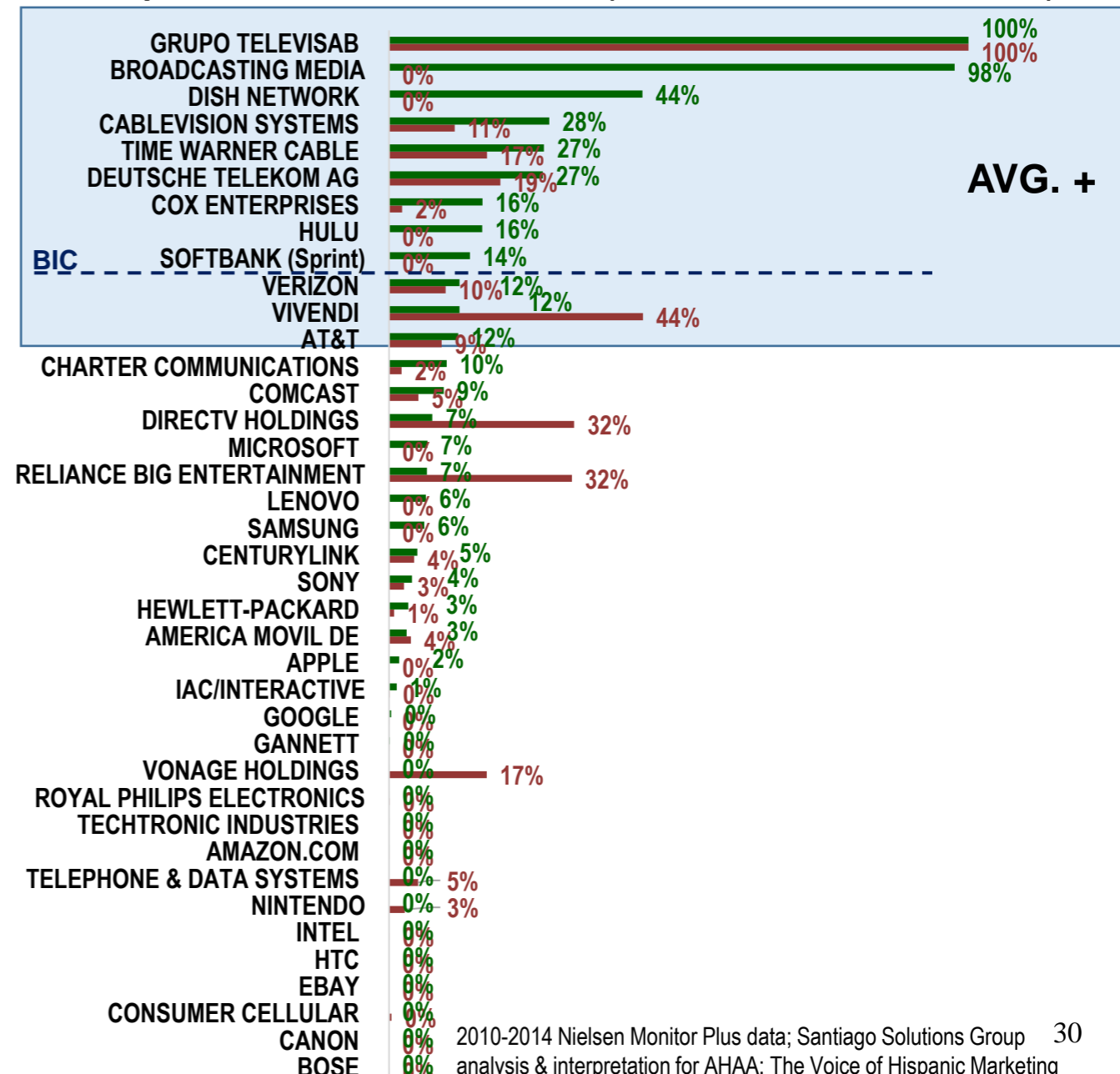
**DEUTSCHE TELEKOM & AT&T = 29% of Ad spend.  
 VERIZON, COMCAST, SPRINT & TIME WARNER = 38%  
 Ad spend. DIRECTV, #2 spender in 2010, #14 in 2014.**

Hispanic Ad Spend \$ (000's)



**GRUPO TELEVISAB, BROADCASTING MEDIA, DISH, CABLEVISION, TIME WARNER & DEUTSCHE TELEKOM lead in Hispanic Allocation**

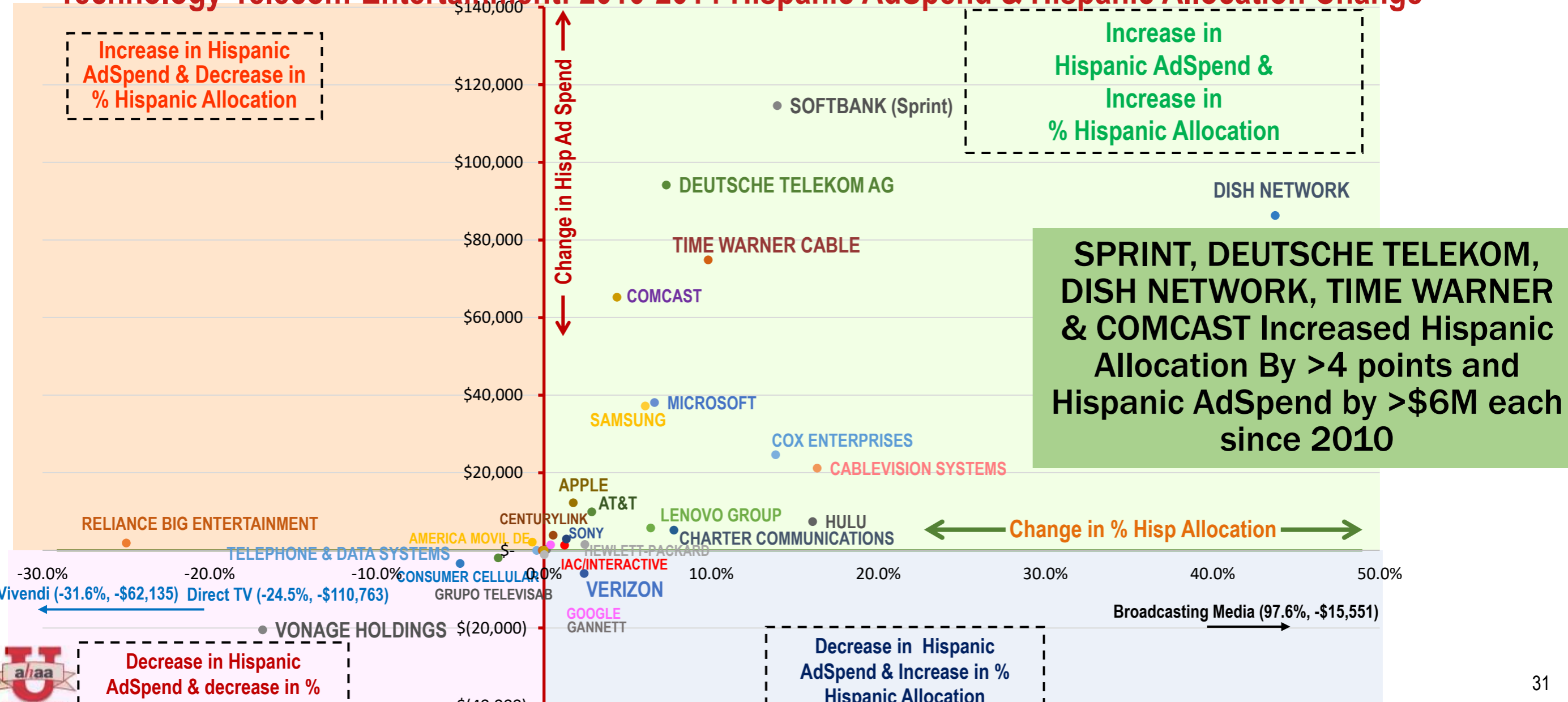
Hispanic % of Overall Allocation (10.9% CAT. AVG. - LEADER)



# Most Companies Growing In Ad Spend & Hispanic Allocation Since 2010.

Notable Exceptions: Previously sizable spenders, DIRECTV, VIVENDI & VONAGE  
(now lower left quadrant)

## Technology-Telecom-Entertainment: 2010-2014 Hispanic AdSpend & Hispanic Allocation Change



2010-2014 Nielsen Monitor Plus data; Santiago Solutions Group analysis & interpretation for AHAA - The Voice of Hispanic Marketing

# Hispanic Ad Spend Trends 2010-14

## Conclusions





# Summary

## Apparel • Appliance-Electronics • Home Repair-Furnishings • Pharma • Restaurants • Technology-Telecom-Entertainment

- Hispanic dedicated Allocation pushing above 10% - properly setting Hispanic as an integral Total Market priority generating a considerable share of the overall new growth.
- Among these six important discretionary-spending categories, the majority of the growth in Hispanic Dedicated media is coming from a reduction of companies at the lowest allocation tier of On-The-Sidelines and a significant increase in companies at a Leader and Best-In-Class tiers.
- All six categories increased their concerted Hispanic dedicated efforts with the exception of Pharma.
  - Restaurants at 11.4% allocation share to Hispanic dedicated media just surpassed Tech-Telecom-Entertainment at 10.9%.
  - Home Repair & Furniture at 8.8% Hispanic dedicated media allocation just surpassed that of the Top 500 advertisers (8.5%).
- The average spend ranges from \$6M by Pharma companies to \$31M by companies in the Tech-Telecom-Entertainment category.
  - The average spend expanded by a multiple of 7 in the Appliance-Electronics sector and nearly doubled among Home Repair & Furniture companies.
- Among these consumer categories, Technology-Telecom-Entertainment invests the most dollars in ad spend to dedicated Hispanic efforts at \$1.2 billion in 2014.
  - Appliance-Electronics made the most radical investment jump followed by Home Repairs-Furnishings and Restaurants.

# Key Category Conclusions



**APPAREL**  
**\$263M**

- Solid 19% AdSpend growth since 2010
- 7.1% Hispanic allocation, rising within Leader tier from 5.3% in 2010
- **Growth is widespread** ...coming from the biggest 2 players, JCP (+\$9M) & Sears (+\$7M), Mid-sized spenders such as The Gap (+4M) & Nike (+\$5M) & new spenders, most notably Payless (\$15M)
- 4 players allocate Best-In-Class double digit percentages to Hispanic targeted media: Nike (22%), JCP (19%), Sears & Payless (17%)



**APPLIANCES/TECHNOLOGY**  
**\$117M**

- Fast growth since 2010, +330% in AdSpend, but off small base
- 3.5% Hispanic allocation = Laggard tier (cusp of Follower) up from On-The-Sidelines
- Growth coming from new big players such as Microsoft (\$38M), Samsung (\$34M), Apple (\$12M) and Lenovo (\$6M)
- Only Microsoft spends at Leader allocation level
- 10 less Top 500 companies than in 2010 with many acquisitions & mergers

# Key Category Conclusions



## HOME REPAIR/FURNISHINGS

\$219M

- Significant 68% AdSpend growth since 2010
- 8.8% Leader tier Hispanic allocation, rising from Follower (5.5%) in 2010; 35% of companies raised allocation levels 2010 - 2014
- **Growth is widespread** ...coming from the biggest player, Home Depot creating a dominant lead (+\$23M), other big players such as IKEA (+\$17M) & Rooms To Go (+\$14M) plus lots of new spenders



## PHARMA

\$165M

- Small AdSpend growth since 2010 (+4%) & negative trend in average company spend (-9%)
- Flat 2.5% Hispanic allocation places Pharma in Laggard tier
- Growth comes from lead spender J & J (+\$36M) + Abbott (+\$9M), Bayer (+\$11M) & Merck (+\$6M) and Sanofi from \$0 to \$13M.
- This is offset by declines such as Eli Lilly (-\$12M), Novartis (-\$5M) & Pfizer (-\$3M)

# Key Category Conclusions



**RESTAURANTS**  
**\$559M**

- Significant 68% AdSpend growth since 2010
- Strong 11.4% Leader tier Hispanic allocation, rising within Leader tier from 7.9% in 2010; well above Top 500 average of 8.5%
- **Growth is widespread** ...coming from the dominant player, McDonald's (+\$48M!), other solid spenders such as Wendy's (+\$31M) & YUM! (+\$17M) and numerous smaller and new spenders



**TECHNOLOGY/TELECOM/  
ENTERTAINMENT**  
**\$1,221M**

- High AdSpend category at \$1,221M and growing a solid +16% since 2010
- Major growth from 2014 #1 spender Deutsche Telekom (+95M), Time Warner (+\$75M), Comcast (+\$66M) and lower growth from others
- Growth also comes from newer spenders such as Sprint (\$115M), Microsoft (\$38M) and Samsung (\$37M)
- There were some declines such as DirecTV, Vivendi, Broadcast Media & Vonage
- 9 company allocations exceed Best In Class levels, several by significant levels (Grupo TelevisaB, Broadcasting Media, DISH, Cablevision, Time Warner, Deutsche Telekom, Cox, HULU, Sprint)

A look into the future

## Tech-Telecom-Entertainment, Restaurants and Apparel Might Be Poised To Further Increase Hispanic Dedicated AdSpend the Most

...Depending on Many Variables Such As Bilingual Targeted Programming & Communications Effectiveness, Etc.

Category	Current AdSpend \$M	Current Allocation	Potential Jump	Potential Allocation	Potential AdSpend \$M	Potential Increment \$M	% of Pot Incr
Apparel	\$263	7.1%	3.5	10.6%	\$427	\$164	19%
Appliance-Electronics	\$117	3.5%	3.0	6.5	\$217	\$100	12%
Home Repair-Furnishings	\$219	8.8%	3.0	11.8%	\$308	\$93	11%
Pharma	\$165	2.5%	1.5	4.0%	\$277	\$112	13%
Restaurants	\$559	11.4%	3.5	15.0%	\$773	\$214	25%
Tech-Telecom-Entertainment	\$1,221	10.9%	1.0	11.9%	\$1,400	\$179	21%
<b>Total</b>	<b>\$2,544</b>				<b>\$3,402</b>	<b>\$862</b>	<b>100%</b>

65%



# Q & A

**Log into AHAA.org**

**Members Section for the Full Dataset & Other Categories Analyses Released In 2015**



June 26, 2015



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July 14, 2015

Presenter: Carlos Santiago, Chair of AHAA Research Committee and Chief Strategist, Santiago Solutions Group  
Moderator: Gaby Alcantara-Diaz, AHAA Education Chair and President, Semilla AD, Inc.



May 26, 2015



July 30, 2015



June 1, 2015

# Next AdSpend-Growth Category Analysis

## Health Care



## Automotive Sector



## Financial Services

